

SECRET

ER-0-7549

CENTRAL INTELLIGENCE AGENCY  
WASHINGTON 25, D. C.

17 November 1949

MEMORANDUM FOR: STANDING COMMITTEE MEMBERS OF THE IAC  
ACTION: Army, Navy, Air Force  
INFORMATION: State, AEC, JIG, FBI  
SUBJECT: NIS Program - Financing

1. A meeting attended by representatives of the Army, Navy, Air Force and CIA was held on 9 November 1949 for the purpose of eliciting informal discussion of the problem of financing the NIS Program. This problem arises in consequence of anticipated reductions in the Defense Budget, and of the resulting inability of the Defense Departments to perform in conformance with existing NIS Program commitments.
2. This discussion revealed that for FY 1950 Navy and Air expect to meet their respective commitments, but that Army, carrying approximately 40% of the total program, may be expected to fulfill only about 50% of current commitments. Representatives present could make no estimate of expected performance for FY 1951 and succeeding years.
3. Additionally, the feasibility of a plan which would provide for a centralized budgeting for the entire NIS Program by CIA in FY 1952 and thereafter, was taken under discussion. Representatives present were not prepared to indicate whether or not such a plan might be expected to meet with the approval of their respective Departments. CIA assistance to the Army for FY 1950 was also discussed.
4. It is requested that addressees furnish comment with respect to the following:
  - a. That CIA submit a consolidated budget request for FY 1952, to provide for the exclusive financing of the NIS Program.
  - b. That the approved schedule of production is unrealistic, and accordingly should be modified to conform to the actual capabilities of the participating departments.
  - c. (Army only). That CIA provide financial assistance, if funds should be available, to enable Army to reduce expected deficiency in FY 1950.

cc: Executive  
Gen Counsel  
AD/ORE

[Redacted]  
PRESCOTT CHILDS, Chief,  
Coordination, Operations,  
and Policy Staff

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